

SENATE BILL NO. 485

INTRODUCED BY C. JUNEAU

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FINANCIAL LITERACY PILOT PROGRAM AT A MONTANA SCHOOL TO INCLUDE THE DEVELOPMENT AND IMPLEMENTATION OF AN INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM; PROVIDING FOR ADMINISTRATION OF THE PROJECT BY THE OFFICE OF PUBLIC INSTRUCTION; REQUIRING REPORTS AND EVALUATION OF THE PROJECT; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

WHEREAS, financial education enables young people to start early on positive habits such as saving money and budgeting as well as avoiding bad decisions that could result in years of financial pain, with one example being incurring an unmanageable level of credit card debt; and

WHEREAS, according to the Jump\$tart Coalition for Personal Financial Literacy's state of financial literacy in America:

(1) a study of 1,065 teenagers found that 21% of 18-year-olds and 19-year-olds have credit cards;

(2) a Charles Schwab survey on teens and money in 2007 reported that only 45% of teenagers know how to use a credit card while just 26% understand credit card interest and fees; and

(3) only one in three teenagers knows how to read a bank statement, balance a checkbook, and pay bills; and

WHEREAS, it is important to provide educational opportunities for students to gain the ability to make informed decisions regarding the use and management of money.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Legislative findings and purpose. The legislature finds that more than ever in these times of economic uncertainty, it is in the best interests of the citizenry of this state to, from an early age, gain fluency in the workings of the nation's banking and financial system and the management of money. The purpose of [sections 1 through 5] is to create a financial literacy pilot program by which the effect of the educational program may be tested and its adaptability to all K-12 schools in Montana may be assessed.

1 **NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 5], the following definitions

2 apply:

3 (1) "Financial literacy" means the ability to make informed decisions about one's personal finances based
4 upon an understanding of the principles of credit, debt, savings and investments, depository institutions, interest,
5 and budgeting.

6 (2) "IDA program" means the individual development accounts program that uses matching funds to
7 increase a student depositor's savings.

8 (3) "Program" means the financial literacy pilot program created in [sections 1 through 5].
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10 **NEW SECTION. Section 3. Financial literacy pilot program account established -- sources -- use.**

11 (1) There is a financial literacy pilot program account in the state special revenue fund provided for in 17-2-102
12 into which must be placed all gifts, grants, and donations received from public or private sources.

13 (2) Money in the account must be used by the superintendent of public instruction to establish and fund
14 the program in one Montana school.
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16 **NEW SECTION. Section 4. Financial literacy pilot program project planning -- implementation --**
17 **evaluation.** The first year of the program must be dedicated to planning, including the selection of the pilot project
18 location by the superintendent of public instruction and the establishment of project guidelines such as staffing
19 needs, curriculum training, and development of the IDA program and of evaluation strategies. Program design
20 must utilize best practices methodologies available for financial literacy. The pilot program must be implemented
21 during the second year.
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23 **NEW SECTION. Section 5. Reports required.** The superintendent of public instruction shall, at the
24 conclusion of the project, provide a report to the education and local government interim committee containing
25 those matters determined in the evaluation required by [section 4].
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27 **NEW SECTION. Section 6. Effective date.** [This act] is effective July 1, 2009.
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29 **NEW SECTION. Section 7. Termination.** [This act] terminates July 1, 2011.
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